

December 1995  
(Revised February 1998)

MODEL PROJECT COOPERATION AGREEMENT  
SECTION 1135  
GOVERNMENT O & M VERSION

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PROJECT COOPERATION AGREEMENT  
BETWEEN  
THE DEPARTMENT OF THE ARMY  
AND  
[FULL NAME OF NON-FEDERAL SPONSOR]  
FOR MODIFICATION OF THE  
[FULL NAME OF PROJECT]

THIS AGREEMENT is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 19 \_\_, by and between the DEPARTMENT OF THE ARMY (hereinafter the "Government"), represented by the U.S. Army Engineer for the [LOCATION OF DISTRICT/DIVISION] District (hereinafter the "District Engineer") and the [NON-FEDERAL SPONSOR] (hereinafter the "Non-Federal Sponsor"), represented by the [TITLE OF THE PERSON SIGNING THE AGREEMENT].

WITNESSETH, THAT:

WHEREAS, the Secretary of the Army completed construction of the [NAME OF THE PROJECT TO BE MODIFIED] (hereinafter the "Existing Project", as defined in Article I.A. of this Agreement) in [YEAR CONSTRUCTION WAS COMPLETED];

WHEREAS, modification of the Existing Project is authorized by Section 1135 of the Water Resources Development Act of 1986, Public Law 99-662, as amended;

WHEREAS, the Government and the Non-Federal Sponsor desire to enter into a Project Cooperation Agreement for implementation of the [NAME OF THE PROJECT MODIFICATION OR A SEPARABLE ELEMENT OF THE PROJECT MODIFICATION] (hereinafter the "Project Modification", as defined in Article I.B. of this Agreement);

WHEREAS, Section 1135 of the Water Resources Development Act of 1986, Public Law 99-662, as amended, specifies the cost-sharing requirements applicable to this Project Modification;

**[INCLUDE THE FOLLOWING "WHEREAS" CLAUSE IF THE NON-FEDERAL SPONSOR WILL PERFORM WORK-IN-KIND]**

WHEREAS, the Non-Federal Sponsor desires to perform certain work (hereinafter the "work-in-kind", as defined in Article I.K. of this Agreement) which is a part of the Project Modification;

WHEREAS, the Government and Non-Federal Sponsor have the full authority and capability to perform as hereinafter set forth and intend to cooperate in cost-sharing and financing of the implementation of the Project Modification in accordance with the terms of this Agreement.

NOW, THEREFORE, the Government and the Non-Federal Sponsor agree as follows:

**ARTICLE I - DEFINITIONS AND GENERAL PROVISIONS**

For purposes of this Agreement:

A. The term "Existing Project" shall mean **[BRIEFLY DESCRIBE THE PROJECT TO BE MODIFIED IN TERMS OF ITS BASIC AUTHORIZATION AND APPLICABLE MODIFICATIONS, AUTHORIZED PURPOSES, AND MAJOR FEATURES]**.

B. The term "Project Modification" shall mean **[DESCRIBE THE WORK TO BE UNDERTAKEN PURSUANT TO THIS AGREEMENT IN SUFFICIENT DETAIL TO AVOID ANY CONFUSION OVER WHAT WORK IS OR IS NOT INCLUDED]** as generally described in **[SPECIFY THE APPROVED ECOSYSTEM RESTORATION REPORT OR OTHER APPROVED DOCUMENTATION]**, dated \_\_\_\_\_, 19\_\_\_\_ and approved by the **[TITLE OF THE APPROVING OFFICIAL]**, on \_\_\_\_\_, 19\_\_\_\_. **[INCLUDE THE FOLLOWING PHRASE FOR WORK-IN-KIND: The Project Modification includes the work-in-kind described in Article I.K. of this Agreement.]**

C. The term "total project modification costs" shall mean all costs incurred by the Non-Federal Sponsor and the Government in accordance with the terms of this Agreement directly related to implementation of the Project Modification. Subject to the provisions of this Agreement, the term shall include, but is not necessarily limited to, feasibility phase planning costs; all engineering and design costs, including those incurred in the feasibility phase; costs of historic preservation activities in accordance with Article XV.A. of this Agreement; actual implementation costs; **[INCLUDE THE FOLLOWING PHRASE FOR WORK-IN-KIND: the credit amount for the work-in-kind performed by the Non-Federal Sponsor in accordance with Article II.D.3. of this**

Agreement;] supervision and administration costs; costs of participation in the Project Coordination Team in accordance with Article III of this Agreement; costs of contract dispute settlements or awards; and costs of audit in accordance with Article VIII of this Agreement. The term does not include any costs for operation, maintenance, repair, replacement, or rehabilitation; any costs due to betterments; the value of lands, easements, rights-of-way, relocations, and suitable borrow and dredged or excavated material disposal areas; or any costs of dispute resolution under Article V of this Agreement.

D. The term "financial obligation for implementation" shall mean a financial obligation of the Government [**INCLUDE THE FOLLOWING PHRASE FOR WORK-IN-KIND:** or a financial obligation of the Non-Federal Sponsor for work-in-kind], other than an obligation pertaining to the provision of lands, easements, rights-of-way, relocations, and borrow and dredged or excavated material disposal areas, that results or would result in a cost that is or would be included in total project modification costs.

E. The term "implementation" shall mean all actions required to carry out the Project Modification including all actions required for modification in operations of the Existing Project.

F. The term "non-Federal proportionate share" shall mean the ratio of the Non-Federal Sponsor's total cash contribution required in accordance with Article II.D.1. of this Agreement to total financial obligations for implementation as projected by the Government.

G. The term "period of implementation" shall mean the time from the effective date of this Agreement to the date that the District Engineer notifies the Non-Federal Sponsor in writing of the Government's determination that implementation of the Project Modification is complete.

H. The term "fiscal year" shall mean one fiscal year of the Government. The Government fiscal year begins on October 1 and ends on September 30.

I. The term "functional portion of the Project Modification" shall mean a portion of the Project Modification that is complete and can function independently and for a useful purpose, although the balance of the Project Modification is not complete.

J. The term "betterment" shall mean a change in the design and construction of an element of the Project Modification resulting from the application of standards that the Government determines exceed those that the Government would otherwise apply for accomplishing the design and construction of that element.

**[INCLUDE PARAGRAPH I.K. FOR WORK-IN-KIND]**

K. The term "work-in-kind" shall mean **[WORK-IN-KIND MAY INCLUDE A FACILITY, SUPPLY, OR SERVICE THAT IS NECESSARY TO CARRY OUT THE MODIFICATION OR MEASURE. DESCRIBE THE WORK TO BE PERFORMED BY THE NON-FEDERAL SPONSOR IN DETAIL SUFFICIENT TO AVOID ANY CONFUSION OVER WHAT IS OR IS NOT INCLUDED]**, as approved by the **[CITE APPROPRIATE APPROVAL AUTHORITY]** in a **[CITE APPROVAL DOCUMENT OR MEMORANDUM]** dated \_\_\_\_\_, 19\_\_\_\_. The work-in-kind includes implementation of the authorized improvements as well as planning, engineering, design, supervision and administration, and other activities associated with implementation, but does not include the implementation of betterments or the provision of lands, easements, rights-of-way, relocations, or suitable borrow and dredged or excavated material disposal areas associated with the work-in-kind.

**ARTICLE II - OBLIGATIONS OF THE GOVERNMENT AND THE  
NON-FEDERAL SPONSOR**

A. The Government, subject to the availability of funds and using those funds and funds provided by the Non-Federal Sponsor, shall expeditiously implement the Project Modification, applying those procedures usually applied to Federal projects, pursuant to Federal laws, regulations, and policies.

1. The Government shall afford the Non-Federal Sponsor the opportunity to review and comment on the solicitations for all contracts, including relevant plans and specifications, prior to the Government's issuance of such solicitations. The Government shall not issue the solicitation for the first contract for implementation until the Non-Federal Sponsor has confirmed in writing its willingness to proceed with the Project Modification. To the extent possible, the Government shall afford the Non-Federal Sponsor the opportunity to review and comment on all contract modifications, including change orders, prior to the issuance to the contractor of a Notice to Proceed. In any instance where providing the Non-Federal Sponsor with notification of a contract modification or change order is not possible prior to issuance of the Notice to Proceed, the Government shall provide such notification in writing at the earliest date possible. To the extent possible, the Government

also shall afford the Non-Federal Sponsor the opportunity to review and comment on all contract claims prior to resolution thereof. The Government shall consider in good faith the comments of the Non-Federal Sponsor, but the contents of solicitations, award of contracts, execution of contract modifications, issuance of change orders, resolution of contract claims, and performance of all work on the Project Modification (whether the work is performed under contract or by Government personnel), shall be exclusively within the control of the Government.

2. Throughout the period of implementation, the District Engineer shall furnish the Non-Federal Sponsor with a copy of the Government's Written Notice of Acceptance of Completed Work for each contract for the Project Modification.

**[INCLUDE PARAGRAPH II.A.3. IF THE NON-FEDERAL SPONSOR DESIRES A "VOLUNTARY COST CAP."]**

3. Notwithstanding paragraph A.1. of this Article, if, upon the award of any contract for implementation of the Project Modification, cumulative financial obligations for implementation would exceed \$\_\_\_\_\_, the Government and the Non-Federal Sponsor agree to defer award of that contract and all subsequent contracts for implementation of the Project Modification until such time as the Government and the Non-Federal Sponsor agree to proceed with further contract awards for the Project Modification, but in no event shall the award of contracts be deferred for more than three years. Notwithstanding this general provision for deferral of contract awards, the Government, after consultation with the Non-Federal Sponsor, may award a contract or contracts after the Assistant Secretary of the Army (Civil Works) makes a written determination that the award of such contract or contracts must proceed in order to comply with law or to protect life or property from imminent and substantial harm.

B. The Non-Federal Sponsor may request the Government to accomplish betterments. Such requests shall be in writing and shall describe the betterments requested to be accomplished. If the Government in its sole discretion elects to accomplish the requested betterments or any portion thereof, it shall so notify the Non-Federal Sponsor in a writing that sets forth any applicable terms and conditions, which must be consistent with this Agreement. In the event of conflict between such a writing and this Agreement, this Agreement shall control. The Non-Federal Sponsor shall be solely responsible for all costs due to

the requested betterments and shall pay all such costs in accordance with Article IV.C. of this Agreement.

C. When the District Engineer determines that the entire Project Modification is complete or that a portion of the Project Modification has become a functional portion of the Project Modification, the District Engineer shall so notify the Non-Federal Sponsor in writing and furnish the Non-Federal Sponsor with copies of all of the Government's Written Notices of Acceptance of Completed Work for all contracts for the Project Modification or the functional portion of the Project Modification that have not been provided previously.

D. The Non-Federal Sponsor shall contribute 25 percent of total project modification costs in accordance with the provisions of this paragraph.

1. If the Government projects that the value of the Non-Federal Sponsor's contributions under Articles V, and X of this Agreement will be less than 25 percent of total project modification costs, the Non-Federal Sponsor shall provide an additional cash contribution, in accordance with Article IV.B. of this Agreement, in the amount necessary to make the Non-Federal Sponsor's total contribution equal to 25 percent of total project modification costs.

2. If the Government determines that the value of the Non-Federal Sponsor's contributions provided under paragraph D.1. of this Article and Articles III, and VIII of this Agreement has exceeded 25 percent of total project modification costs, the Government, subject to the availability of funds, shall reimburse the Non-Federal Sponsor for any such value in excess of 25 percent of total project modification costs.

**[INCLUDE PARAGRAPH II.D.3. FOR CREDITABLE WORK-IN-KIND.]**

3. The Government has determined that the work-in-kind is compatible with the Project Modification and has approved a credit in the estimated amount of \$\_\_\_\_\_ **[NOTE: NOT MORE THAN 80 PERCENT OF THE 25-PERCENT NON-FEDERAL SHARE OF THE TOTAL PROJECT MODIFICATION COSTS]** for implementation of such work by the Non-Federal Sponsor. The affording of such credit shall be subject to an on-site inspection by the Government to verify that the work was accomplished in a satisfactory manner and is suitable for inclusion in the Project Modification. The actual amount of credit shall be subject to an audit in accordance with Article X.C. of this Agreement to determine reasonableness, allocability, and allowability of costs. To afford such credit,

the Government shall apply the credit amount toward any additional cash contribution required under paragraph D.1. of this Article. The Non-Federal Sponsor shall not receive credit for any amount in excess of such additional cash contribution, nor shall the Non-Federal Sponsor be entitled to any reimbursement for any excess credit amount. In no event shall the Non-Federal Sponsor perform work-in-kind that would result in the credit afforded under this paragraph exceeding 80 percent of the Non-Federal Sponsor's share of total project modification costs.

E. The Government shall perform a final accounting in accordance with Article IV.D. of this Agreement to determine the contributions provided by the Non-Federal Sponsor in accordance with paragraphs B. and D. of this Article and Articles V, and X of this Agreement and to determine whether the Non-Federal Sponsor has met its obligations under paragraphs B. and D. of this Article.

F. The Non-Federal Sponsor shall not use Federal funds to meet its share of total project modification costs under this Agreement unless the Federal granting agency verifies in writing that the expenditure of such funds is expressly authorized by statute.

G. The Government shall operate and maintain the Project Modification in accordance with Article VI of this Agreement.

#### ARTICLE III- PROJECT MODIFICATION COORDINATION TEAM

A. To provide for consistent and effective communication, the Non-Federal Sponsor and the Government, not later than 30 days after the effective date of this Agreement, shall appoint named senior representatives to a Project Modification Coordination Team. Thereafter, the Project Modification Coordination Team shall meet regularly until the end of the period of implementation. The Government's Project Manager and a counterpart named by the Non-Federal Sponsor shall co-chair the Project Modification Coordination Team.

B. The Government's Project Manager and the Non-Federal Sponsor's counterpart shall keep the Project Modification Coordination Team informed of the progress of implementation and of significant pending issues and actions, and shall seek the views of the Project Modification Coordination Team on matters that the Project Modification Coordination Team generally oversees.

C. Until the end of the period of implementation, the Project Modification Coordination Team shall generally oversee the Project Modification, including issues related to design; plans and specifications; scheduling; real property and relocation requirements; real property acquisition; contract awards and modifications; contract costs; the Government's cost projections; final inspection of the entire Project Modification or functional portions of the Project Modification; and other related matters.

D. The Project Modification Coordination Team may make recommendations that it deems warranted to the District Engineer on matters that the Project Modification Coordination Team generally oversees, including suggestions to avoid potential sources of dispute. The Government in good faith shall consider the recommendations of the Project Modification Coordination Team. The Government, having the legal authority and responsibility for implementation of the Project Modification, has the discretion to accept, reject, or modify the Project Modification Coordination Team's recommendations.

E. The costs of participation in the Project Modification Coordination Team shall be included in total project modification costs and cost shared in accordance with the provisions of this Agreement.

#### ARTICLE IV - METHOD OF PAYMENT

**OPTION-I [USE OPTION I IF IMPLEMENTATION OF THE PROJECT MODIFICATION WILL BE COMPLETED WITHIN ONE FISCAL YEAR, OR IF NON-FEDERAL SPONSOR ELECTS TO PROVIDE ITS SHARE IN ONE LUMP SUM. DELETE THE ENTIRE OPTION IF IT DOES NOT APPLY.]**

A. The Government shall maintain current records of contributions provided by the parties and current projections of total project modification costs and costs due to betterments. At least quarterly, the Government shall provide the Non-Federal Sponsor with a report setting forth all contributions provided to date and the current projections of total project modification costs, of total costs due to betterments, of the components of total project modification costs, of each party's share of total project modification costs, of the Non-Federal Sponsor's total cash contributions required in accordance with Articles II.B. and II.D. of this Agreement, and of the non-Federal proportionate share. On the effective date of this Agreement, total project modification costs are projected to be \$\_\_\_\_\_, and the Non-Federal Sponsor's cash contribution required under Article II.D. of this Agreement is projected to be \$\_\_\_\_\_.



**[NOTE: PROJECTIONS SHOULD BE INFLATED THROUGH THE PERIOD OF CONSTRUCTION.]** Such amounts are estimates subject to adjustment by the Government and are not to be construed as the total financial responsibilities of the Government and the Non-Federal Sponsor.

B. The Non-Federal Sponsor shall provide the cash contribution required under Article II.D.1. of this Agreement in accordance with the following provisions: Not less than **[NUMBER OF DAYS, 30 OR MORE]** calendar days prior to the scheduled date for issuance of the solicitation for the first construction contract, the Government shall notify the Non-Federal Sponsor in writing of such scheduled date and the funds the Government **[INCLUDE THE FOLLOWING PHRASE FOR WORK-IN-KIND: , after consideration of any credit afforded pursuant to Article II.D.3. of this Agreement,]** determines to be required from the Non-Federal Sponsor to meet its projected cash contribution under Article II.D.1. of this Agreement. Not later than such scheduled date, the Non-Federal Sponsor shall provide the Government with the full amount of the required funds by delivering a check payable to "FAO, USAED, **[APPROPRIATE USACE DISTRICT]**" to the District Engineer. The Government shall draw from the funds provided by the Non-Federal Sponsor such sums as the Government **[INCLUDE THE FOLLOWING PHRASE FOR WORK-IN-KIND: , after consideration of any credit afforded pursuant to Article II.D.3. of this Agreement,]** deems necessary to cover: (a) the non-Federal proportionate share of financial obligations for implementation incurred prior to commencement of the period of implementation; and (b) the non-Federal proportionate share of financial obligations for implementation as they are incurred during the period of implementation. In the event the Government determines that the Non-Federal Sponsor must provide additional funds to meet the Non-Federal Sponsor's cash contribution, the Government shall notify the Non-Federal Sponsor in writing of the additional funds required. Within **[NORMALLY 60]** calendar days thereafter, the Non-Federal Sponsor shall provide the Government with a check for the full amount of the additional required funds.

**[EXPLANATORY NOTES: 1) IF DURING NEGOTIATION OF THE PCA THE NON-FEDERAL SPONSOR, IN A REQUEST PROCESSED THROUGH PROPER CHANNELS, CAN DEMONSTRATE TO THE SATISFACTION OF THE ASSISTANT SECRETARY OF THE ARMY (CIVIL WORKS) THAT A LONGER TIME PERIOD FOR PAYMENT OF THE ADDITIONAL REQUIRED FUNDS IS APPROPRIATE, THE PCA SUBMITTED TO HQUSACE FOR REVIEW MUST STATE THE DIFFERENT TIME PERIOD. 2) IF ADDITIONAL FUNDS ARE REQUIRED FROM THE NON-FEDERAL SPONSOR, THEY SHOULD BE REQUESTED IMMEDIATELY SO THAT THE NON-FEDERAL SPONSOR WILL MAINTAIN ITS PROPORTIONATE SHARE OF FINANCIAL**

OBLIGATIONS. FEDERAL FUNDS SHOULD NOT BE USED TO MEET ANY SHORTFALL IN SPONSOR FUNDS.]

OPTION II [USE OPTION II IF IMPLEMENTATION OF THE PROJECT MODIFICATION WILL EXTEND TO MORE THAN ONE FISCAL YEAR, UNLESS THE NON-FEDERAL SPONSOR WISHES TO MAKE ITS CONTRIBUTION IN FULL AT THE OUTSET. DELETE THE ENTIRE OPTION IF IT DOES NOT APPLY.]

A. The Government shall maintain current records of contributions provided by the parties and current projections of total project modification costs and costs due to betterments. By [SPECIFIC DATE, BASED ON THE TIMING OF THE NON-FEDERAL SPONSOR'S FISCAL CYCLE] of each year and at least quarterly thereafter, the Government shall provide the Non-Federal Sponsor with a report setting forth all contributions provided to date and the current projections of total project modification costs, of total costs due to betterments, of the components of total project modification costs, of each party's share of total project modification costs, of the Non-Federal Sponsor's total cash contributions required in accordance with Articles II.B. and II.D. of this Agreement, of the non-Federal proportionate share, and of the funds the Government projects to be required from the Non-Federal Sponsor for the upcoming fiscal year. On the effective date of this Agreement, total project modification costs are projected to be \$\_\_\_\_\_, and the Non-Federal Sponsor's cash contribution required under Article II.D. of this Agreement is projected to be \$\_\_\_\_\_. [NOTE: PROJECTIONS SHOULD BE INFLATED THROUGH THE PERIOD OF CONSTRUCTION.] Such amounts are estimates subject to adjustment by the Government and are not to be construed as the total financial responsibilities of the Government and the Non-Federal Sponsor.

B. The Non-Federal Sponsor shall provide the cash contribution required under Article II.D.1. of this Agreement in accordance with the provisions of this paragraph.

[ARTICLE VI.B.1. OFFERS THE NON-FEDERAL SPONSOR THREE MECHANISMS FROM WHICH TO CHOOSE IN DECIDING HOW TO PROVIDE ITS CASH CONTRIBUTION TO THE FEDERAL GOVERNMENT. THE NON-FEDERAL SPONSOR SHOULD INDICATE ITS CHOICE DURING THE COURSE OF NEGOTIATING THE AGREEMENT. THE PCA SHOULD REFLECT ONLY ONE MECHANISM.]

1. Not less than [NUMBER OF DAYS, 30 OR MORE] calendar days prior to the scheduled date for issuance of the solicitation for the first construction contract, the Government shall notify the Non-Federal Sponsor in writing of such scheduled

date and the funds the Government **[INCLUDE THE FOLLOWING PHRASE FOR WORK-IN-KIND: , after consideration of any credit afforded pursuant to Article II.D.3. of this Agreement,]** determines to be required from the Non-Federal Sponsor to meet the non-Federal proportionate share of projected financial obligations for implementation through the first fiscal year of implementation, including the non-Federal proportionate share of financial obligations for implementation incurred prior to the period of implementation. Not later than such scheduled date, the Non-Federal Sponsor shall **[INDICATE MECHANISM: [1]** provide the Government with the full amount of the required funds by delivering a check payable to "FAO, USAED, **[APPROPRIATE USACE DISTRICT]**" to the District Engineer. **[2]** verify to the satisfaction of the Government that the Non-Federal Sponsor has deposited the required funds in an escrow or other account acceptable to the Government, with interest accruing to the Non-Federal Sponsor. **[3]** present the Government with an irrevocable letter of credit acceptable to the Government for the required funds.]

2. For the second and subsequent fiscal years of implementation, the Government shall notify the Non-Federal Sponsor in writing, no later than 60 calendar days prior to the beginning of that fiscal year, of the funds the Government **[INCLUDE THE FOLLOWING PHRASE FOR WORK-IN-KIND: , after consideration of any credit afforded pursuant to Article II.D.3. of this Agreement,]** determines to be required from the Non-Federal Sponsor to meet the non-Federal proportionate share of projected financial obligations for implementation for that fiscal year. No later than 30 calendar days prior to the beginning of the fiscal year, the Non-Federal Sponsor shall make the full amount of the required funds for that fiscal year available to the Government through the funding mechanism specified in Article IV.B.1. of this Agreement.

3. The Government shall draw from the funds provided by the Non-Federal Sponsor such sums as the Government **[INCLUDE THE FOLLOWING PHRASE FOR WORK-IN-KIND: , after consideration of any credit afforded pursuant to Article II.D.3. of this Agreement,]** deems necessary to cover: (a) the non-Federal proportionate share of financial obligations for implementation incurred prior to the period of implementation; and (b) the non-Federal proportionate share of financial obligations for implementation as they are incurred during the period of implementation.

4. If at any time during the period of implementation the Government determines that additional funds will be needed

from the Non-Federal Sponsor to cover the non-Federal proportionate share of projected financial obligations for implementation for the current fiscal year, the Government shall notify the Non-Federal Sponsor in writing of the additional funds required, and the Non-Federal Sponsor, no later than **[NORMALLY 60]** calendar days from receipt of such notice, shall make the additional required funds available through the payment mechanism specified in Article IV.B.1. of this Agreement. **[EXPLANATORY NOTES: 1) IF DURING NEGOTIATION OF THE PCA THE NON-FEDERAL SPONSOR, IN A REQUEST PROCESSED THROUGH PROPER CHANNELS, CAN DEMONSTRATE TO THE SATISFACTION OF THE ASSISTANT SECRETARY OF THE ARMY (CIVIL WORKS) THAT A LONGER TIME PERIOD FOR PAYMENT OF THE ADDITIONAL REQUIRED FUNDS IS APPROPRIATE, THE PCA SUBMITTED TO HQUSACE FOR REVIEW MUST STATE THE DIFFERENT TIME PERIOD. 2) IF ADDITIONAL FUNDS ARE REQUIRED FROM THE NON-FEDERAL SPONSOR, THEY SHOULD BE REQUESTED IMMEDIATELY SO THAT THE NON-FEDERAL SPONSOR WILL MAINTAIN ITS PROPORTIONATE SHARE OF FINANCIAL OBLIGATIONS. FEDERAL FUNDS SHOULD NOT BE USED TO MEET ANY SHORTFALL IN SPONSOR FUNDS.]**

**[INCLUDE PARAGRAPHS C. AND D. FOR BOTH OPTIONS I AND II IN ARTICLE IV.]**

C. In advance of the Government incurring any financial obligation associated with additional work under Article II.B. of this Agreement, the Non-Federal Sponsor shall **[INDICATE MECHANISM: [1]** provide the Government with the full amount of the funds required to pay for such additional work by delivering a check payable to "FAO, USAED, **[APPROPRIATE USACE DISTRICT]**" to the District Engineer. **[2]** verify to the satisfaction of the Government that the Non-Federal Sponsor has deposited the full amount of the funds required to pay for such additional work in an escrow or other account acceptable to the Government, with interest accruing to the Non-Federal Sponsor.] The Government shall draw from the funds provided by the Non-Federal Sponsor such sums as the Government deems necessary to cover the Government's financial obligations for such additional work as they are incurred. In the event the Government determines that the Non-Federal Sponsor must provide additional funds to meet its cash contribution, the Government shall notify the Non-Federal Sponsor in writing of the additional funds required. Within **[NORMALLY 30]** calendar days thereafter, the Non-Federal Sponsor shall provide the Government with a check for the full amount of the additional required funds.

D. Upon completion of the Project Modification or termination of this Agreement, and upon resolution of all

relevant claims and appeals, the Government shall conduct a final accounting and furnish the Non-Federal Sponsor with the results of the final accounting. The final accounting shall determine total project modification costs, each party's contribution provided thereto, and each party's required share thereof. The final accounting also shall determine costs due to betterments and the Non-Federal Sponsor's cash contribution provided pursuant to Article II.B. of this Agreement.

1. In the event the final accounting shows that the total contribution provided by the Non-Federal Sponsor is less than its required share of total project modification costs plus costs due to any betterments provided in accordance with Article II.B. of this Agreement, the Non-Federal Sponsor shall, no later than 90 calendar days after receipt of written notice, make a cash payment to the Government of whatever sum is required to meet the Non-Federal Sponsor's required share of total project modification costs plus costs due to any betterments provided in accordance with Article II.B. of this Agreement. **[EXPLANATORY NOTE: IF DURING NEGOTIATION OF THE PCA THE NON-FEDERAL SPONSOR CAN DEMONSTRATE TO THE SATISFACTION OF THE ASSISTANT SECRETARY OF THE ARMY (CIVIL WORKS) THAT A LONGER TIME PERIOD FOR PAYMENT OF THE ADDITIONAL REQUIRED FUNDS IS APPROPRIATE, THE PCA SUBMITTED TO HQUSACE FOR REVIEW MAY STATE THE DIFFERENT TIME PERIOD.]**

2. In the event the final accounting shows that the total contribution provided by the Non-Federal Sponsor exceeds its required share of total project modification costs plus costs due to any betterments provided in accordance with Article II.B. of this Agreement, the Government shall, subject to the availability of funds, refund the excess to the Non-Federal Sponsor no later than 90 calendar days after the final accounting is complete. In the event existing funds are not available to refund the excess to the Non-Federal Sponsor, the Government shall seek such appropriations as are necessary to make the refund.

#### ARTICLE V - DISPUTE RESOLUTION

As a condition precedent to a party bringing any suit for breach of this Agreement, that party must first notify the other party in writing of the nature of the purported breach and seek in good faith to resolve the dispute through negotiation. If the parties cannot resolve the dispute through negotiation, they may agree to a mutually acceptable method of non-binding alternative dispute resolution with a qualified third party acceptable to both parties. The parties shall each pay 50 percent of any costs for the services provided by such a third party as such costs are

incurred. The existence of a dispute shall not excuse the parties from performance pursuant to this Agreement.

ARTICLE VI - OPERATION, MAINTENANCE, REPAIR, REPLACEMENT,  
AND REHABILITATION (OMRR&R)

The Government, as it determines necessary and subject to the availability of funds, shall operate and maintain the Project Modification and shall be responsible for all financial obligations for operation and maintenance.

## ARTICLE VII - INDEMNIFICATION

The Non-Federal Sponsor shall hold and save the Government free from all damages arising from the implementation, operation, maintenance, repair, replacement and rehabilitation of the Project Modification, and any Project Modification-related betterments, except for damages due to the fault or negligence of the Government or its contractors.

## ARTICLE VIII - MAINTENANCE OF RECORDS AND AUDIT

A. Not later than 60 calendar days after the effective date of this Agreement, the Government and the Non-Federal Sponsor shall develop procedures for keeping books, records, documents, and other evidence pertaining to costs and expenses incurred pursuant to this Agreement. These procedures shall incorporate, and apply as appropriate, the standards for financial management systems set forth in the Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments at 32 C.F.R. Section 33.20. The Government and the Non-Federal Sponsor shall maintain such books, records, documents, and other evidence in accordance with these procedures and for a minimum of three years after the period of implementation and resolution of all relevant claims arising therefrom. To the extent permitted under applicable Federal laws and regulations, the Government and the Non-Federal Sponsor shall each allow the other to inspect such books, documents, records, and other evidence.

B. Pursuant to 32 C.F.R. Section 33.26, the Non-Federal Sponsor is responsible for complying with the Single Audit Act of 1984, 31 U.S.C. Sections 7501-7507, as implemented by Office of Management and Budget (OMB) Circular No. A-133 and Department of Defense Directive 7600.10. Upon request of the Non-Federal Sponsor and to the extent permitted under applicable Federal laws and regulations, the Government shall provide to the Non-Federal Sponsor and independent auditors any information necessary to enable an audit of the Non-Federal Sponsor's activities under this Agreement. The costs of any non-Federal audits performed in accordance with this paragraph shall be allocated in accordance with the provisions of OMB Circulars A-87 and A-133, and such costs as are allocated to the Project Modification shall be included in total project modification costs and cost shared in accordance with the provisions of this Agreement.

C. In accordance with 31 U.S.C. Section 7503, the Government may conduct audits in addition to any audit that the Non-Federal Sponsor is required to conduct under the Single Audit Act. Any such Government audits shall be conducted in accordance

with Government Auditing Standards and the cost principles in OMB Circular No. A-87 and other applicable cost principles and regulations. The costs of Government audits performed in accordance with this paragraph shall be included in total project modification costs and cost shared in accordance with the provisions of this Agreement.

#### ARTICLE IX - FEDERAL AND STATE LAWS

In the exercise of their respective rights and obligations under this Agreement, the Non-Federal Sponsor and the Government agree to comply with all applicable Federal and State laws and regulations, including, but not limited to, Section 601 of the Civil Rights Act of 1964, Public Law 88-352 (42 U.S.C. 2000d), and Department of Defense Directive 5500.11 issued pursuant thereto, as well as Army Regulation 600-7, entitled "Nondiscrimination on the Basis of Handicap in Programs and Activities Assisted or Conducted by the Department of the Army".

#### ARTICLE X - RELATIONSHIP OF PARTIES

A. In the exercise of their respective rights and obligations under this Agreement the Government and the Non-Federal Sponsor each act in an independent capacity, and neither is to be considered the officer, agent, or employee of the other.

B. In the exercise of its rights and obligations under this Agreement, neither party shall provide, without the consent of the other party, any contractor with a release that waives or purports to waive any rights such other party may have to seek relief or redress against such contractor either pursuant to any cause of action that such other party may have or for violation of any law.

#### ARTICLE XI - OFFICIALS NOT TO BENEFIT

No member of or delegate to the Congress, nor any resident commissioner, shall be admitted to any share or part of this Agreement, or to any benefit that may arise therefrom.

#### ARTICLE XII - TERMINATION OR SUSPENSION

A. If at any time the Non-Federal Sponsor fails to fulfill its obligations under Article II.B., II.D., IV, or XV.C. of this Agreement, the Assistant Secretary of the Army (Civil Works) shall terminate this Agreement or suspend future performance under this Agreement unless he determines that continuation of work on the Project Modification is in the interest of the United States or is necessary in order to satisfy agreements with any



other non-Federal interests in connection with the Project Modification.

B. If appropriations are not available in amounts sufficient to meet the Government's share of Project Modification expenditures for the then-current or upcoming fiscal year, the Government shall so notify the Non-Federal Sponsor in writing, and 60 calendar days thereafter either party may elect without penalty to terminate this Agreement or to suspend future performance under this Agreement. In the event that either party elects to suspend future performance under this Agreement pursuant to this paragraph, such suspension shall remain in effect until such time as the Government receives sufficient appropriations or until either the Government or the Non-Federal Sponsor elects to terminate this Agreement.

C. In the event that either party elects to terminate this Agreement pursuant to this Article, both parties shall conclude their activities relating to the Project Modification and proceed to a final accounting in accordance with Article IV.D. of this Agreement.

D. Any termination of this Agreement or suspension of future performance under this Agreement in accordance with this Article shall not relieve the parties of any obligation previously incurred. Any delinquent payment shall be charged interest at a rate, to be determined by the Secretary of the Treasury, equal to 150 per centum of the average bond equivalent rate of the 13-week Treasury bills auctioned immediately prior to the date on which such payment became delinquent, or auctioned immediately prior to the beginning of each additional 3-month period if the period of delinquency exceeds 3 months.

#### ARTICLE XIII - NOTICES

A. Any notice, request, demand, or other communication required or permitted to be given under this Agreement shall be deemed to have been duly given if in writing and either delivered personally, or by telegram, or mailed by first-class, registered, or certified mail, as follows:

If to the Non-Federal Sponsor:

**[FULL ADDRESS]**

If to the Government:

**[FULL ADDRESS]**

B. A party may change the address to which such communications are to be directed by giving written notice to the other party in the manner provided in this Article.

C. Any notice, request, demand, or other communication made pursuant to this Article shall be deemed to have been received by the addressee at the earlier of such time as it is actually received or seven calendar days after it is mailed.

#### ARTICLE XIV - CONFIDENTIALITY

To the extent permitted by the laws governing each party, the parties agree to maintain the confidentiality of exchanged information when requested to do so by the providing party.

#### ARTICLE XV - HISTORIC PRESERVATION

A. The costs of identification, survey and evaluation of historic properties shall be included in total project modification costs and cost shared in accordance with the provisions of this Agreement.

B. Pursuant to Section 7(a) of Public Law 93-291 (16 U.S.C. Section 469c(a)), the costs of mitigation and data recovery activities associated with historic preservation shall be borne entirely by the Government and shall not be included in total project modification costs, up to the statutory limit of one percent of the total amount the Government is authorized to expend for the Project Modification.

C. The Government shall not incur costs for mitigation and data recovery that exceed the statutory one percent limit specified in paragraph B. of this Article unless and until the Assistant Secretary of the Army (Civil Works) has waived that limit in accordance with Section 208(3) of Public Law 96-515 (16 U.S.C. Section 469c-2(3)). Any costs of mitigation and data recovery that exceed the one percent limit shall be included in total project modification costs and shall be cost shared in accordance with the provisions of this Agreement.

#### ARTICLE XVI - LIMITATION ON GOVERNMENT EXPENDITURES

Notwithstanding any other provisions of this Agreement, the Government's financial obligations are limited to \$5,000,000. The Non-Federal Sponsor shall be responsible for all total project modification costs that exceed this amount.

**[INCLUDE ARTICLE XVII ONLY IF THE NON-FEDERAL SPONSOR IS A STATE AGENCY OR DERIVES ITS FUNDS DIRECTLY FROM STATE LEGISLATIVE APPROPRIATIONS AND THE STATE IS LIMITED BY ITS CONSTITUTION OR BY STATE STATUTES FROM COMMITTING FUTURE STATE LEGISLATIVE APPROPRIATIONS.]**

**ARTICLE XVII - OBLIGATIONS OF FUTURE APPROPRIATIONS**

Nothing herein shall constitute, nor be deemed to constitute, an obligation of future appropriations by the legislature of the State of \_\_\_\_\_.

**[INCLUDE THE FOLLOWING ARTICLE IF THE NON-FEDERAL SPONSOR IS AN INDIAN TRIBE]**

**ARTICLE XVIII - SPECIAL PROVISIONS FOR AN INDIAN TRIBE**

A. The Non-Federal Sponsor agrees to waive its sovereign immunity solely for the purposes of suit in an appropriate Federal court by the Government for any breach by the Non-Federal Sponsor of this Agreement, including suit to hold and save the Government free from damages arising on or after the date of this Agreement due to the implementation and subsequent operation and maintenance of the Project Modification, except for damages due to the fault or negligence of the Government or its contractors.

B. The Non-Federal Sponsor agrees to maintain liability insurance in an amount not less than \$\_\_\_\_\_ to insure against bodily injury and property damage arising from the implementation, operation, maintenance, repair, replacement, or rehabilitation of the Project Modification and to assure that the Government will be held free from damages due to implementation, operation, maintenance, repair, replacement, and rehabilitation of the Project Modification except for damage due to the fault or negligence of the Government or its contractors. The insurance policy shall specify that the defense of sovereign immunity of the Non-Federal Sponsor, its individual tribal members, or the Government will not be raised by the insurer as a defense against payment under the policy.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, which shall become effective upon the date it is signed by the Department of the Army.

THE DEPARTMENT OF THE ARMY

The **[FULL NAME OF NON-FEDERAL SPONSOR]**

BY: \_\_\_\_\_ [SIGNATURE]  
[TYPED NAME]  
[TITLE IN FULL]

DATE: \_\_\_\_\_

BY: \_\_\_\_\_ [SIGNATURE]  
[TYPED NAME]  
[TITLE IN FULL]

DATE: \_\_\_\_\_

CERTIFICATE OF AUTHORITY

I, \_\_\_\_\_, do hereby certify that I am the principal legal officer of the **[FULL NAME OF NON-FEDERAL SPONSOR]**, that the **[FULL NAME OF NON-FEDERAL SPONSOR]** is a legally constituted public body with full authority and legal capability to perform the terms of the Agreement between the Department of the Army and the **[FULL NAME OF NON-FEDERAL SPONSOR]** in connection with the **[FULL NAME OF "PROJECT MODIFICATION"]**, and to pay damages in accordance with the terms of this Agreement, if necessary, in the event of the failure to perform, and that the persons who have executed this Agreement on behalf of the **[FULL NAME OF NON-FEDERAL SPONSOR]** have acted within their statutory authority.

IN WITNESS WHEREOF, I have made and executed this certification this \_\_\_\_\_ day of \_\_\_\_\_ 19\_\_\_\_.

\_\_\_\_\_  
**[SIGNATURE]**

**[TYPED NAME]**

**[TITLE IN FULL]**

CERTIFICATION REGARDING LOBBYING

The undersigned certifies, to the best of his or her knowledge and belief that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

[SIGNATURE OF PCA SIGNATORY]

[TYPED NAME]

[TITLE IN FULL]

DATE: \_\_\_\_\_